

## Message Text

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64

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 AGR-10 SAB-01 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01

DODE-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01 SS-15

/121 W

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P R 082222Z JAN 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 6282

INFO AMEMBASSY BRUSSELS

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

PANCANAL

USSOUTHCOM

UNCLAS PANAMA 0144

E.O. 11652: N/A

TAGS: PGOV, BE, EEC, PN

SUBJECT: UNITED BRANDS (UB)/GOP NEGOTIATIONS

REF: (A) PANAMA 0101 (B) PANAMA 7857

1. WITH REGARD TO THE SIGNING OF UB/GOP AGREEMENT EVENING  
JANUARY 8 (REF A), FOLLOWING IS TEXT OF ADVANCE COPY OF  
JOINT UB/GOP PRESS RELEASE OF SAME DATE.

2. "HISTORIC NEW AGREEMENTS COVERING BANANA OPERATIONS IN  
PANAMA HAVE BEEN ARRANGED BETWEEN THAT COUNTRY'S GOVERNMENT  
AND UNITED BRANDS COMPANY.

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"THE ANNOUNCEMENT WAS MADE TODAY IN PANAMA BY THE VICE

PRESIDENT OF THE REPUBLIC, GERARDO GONZALEZ, WHO HEADED A GOVERNMENT NEGOTIATING COMMITTEE. THE NEW AGREEMENTS, WHICH REPLACE ALL PREVIOUS CONTRACTS, WERE CONFIRMED BY WALLACE W. BOOTH, PRESIDENT OF UNITED BRANDS, WHO WAS IN PANAMA FOR THE SIGNING AND THE ANNOUNCEMENT. THE MINISTER FOR AGRICULTURAL DEVELOPMENT, LT. COL. RUBEN DARIO PAREDES, SIGNED FOR THE GOVERNMENT.

"THE ARRANGEMENTS WILL FUNCTION THROUGH THREE PRINCIPAL CONTRACTS, THE FIRST COVERING THE SALE OF ALL LANDS CURRENTLY OWNED BY THE UNITED BRANDS BANANA DIVISIONS IN PANAMA. THESE TOTAL APPROXIMATELY 100,000 ACRES (RENPPP HECTARES). UNDER A SECOND AGREEMENT, THE GOVERNMENT HAS LEASED BACK TO THE COMPANY APPROXIMATELY 37,500 ACRES (15,000 HECTARES) FOR THE MAINTENANCE OF CURRENT BANANA PRODUCTION.

"THE GOVERNMENT ALSO HAS AN EXCLUSIVE OPTION TO PURCHASE THE FACILITIES STILL OWNED BY THE COMPANY. A THIRD AGREEMENT COVERS OPERATIONS AND RUNS CONCURRENTLY WITH THE LEASEBACK OF BANANA PRODUCTION LANDS, WHICH CARRIES A TERM OF FIVE YEARS, RENEWABLE ANNUALLY FOR A LIKE TERM. THE COMPANY HAS ALSO AGREED TO MAINTAIN PRODUCTION AT A MINIMUM OF 22 MILLION BOXES PER YEAR AND TO REVIEW ALL LONG RANGE POLICY MATTERS WITH THE GOVERNMENT.

"VICE PRESIDENT GONZALEZ DESCRIBED THE AGREEMENTS AS, 'A SIGNIFICANT TRANSFORMATION IN THE RELATIONS BETWEEN THE GOVERNMENT OF A DEVELOPING NATION AND A MULTINATIONAL FIRM WHICH SHOULD OPERATE SUBJECT TO THE EXERCISE OF NATIONAL SOVEREIGNTY AND UNDER CONDITIONS WHICH PERMIT THE COUNTRY TO TAKE FULL ADVANTAGE OF ITS RESOURCES, INCLUDING THOSE OF AN AGROINDUSTRIAL NATURE.'

"SPEAKING FOR UNITED BRANDS, BOOTH SAID, 'WE ARE PLEASED TO HAVE SUCCESSFULLY CONCLUDED THIS NEGOTIATION WHICH RECOGNIZES THAT FUNDAMENTAL CHANGES ARE REQUIRED IN THE WAY COMPANIES SUCH AS OURS OPERATE. WE ARE ESPECIALLY GRATIFIED THAT THE AGREEMENTS ASSURE US THE NECESSARY STABILITY WHICH OUR INDUSTRY REQUIRES FOR LONG-TERM INVESTMENT AND PLANNING.'

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"UNDER THESE AGREEMENTS, THE COMPANY WILL PAY THE GOVERNMENT OF PANAMA LAND RENTALS AND FEES TOTALLING APPROXIMATELY \$2 MILLION ANNUALLY. IN ADDITION, PANAMA HAS ALSO IMPLEMENTED LEGISLATION CALLING FOR AN EXPORT TAX OF 35 CENTS PER BOX AND WILL LEVY THE NORMAL PANAMANIAN INCOME TAX OF 50 PERCENT OF NET INCOME GENERATED IN PANAMA."

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, TEXT, PRESS RELEASES, LAND NATIONALIZATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976PANAMA00144  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760007-0404  
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**Line Count:** 114  
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**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 PANAMA 101, 75 PANAMA 7857  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** castelsl  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <07 JUL 2004 by barnescd>; APPROVED <18 AUG 2004 by castelsl>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UNITED BRANDS (UB)/GOP NEGOTIATIONS  
**TAGS:** PGOV, EINV, BE, PN, UNITED BRANDS, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006